



Michigan Association of County Veterans Counselors

2650 LAFRANIER ROAD • TRAVERSE CITY, MI 49686-8972
PHONE: (231) 995-6070 • FAX: (231) 995-6065

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MICHIGAN ASSOCIATION OF COUNTY VETERANS COUNSELORS

**Testimony provided to the Veterans
Affairs and Homeland Security Committee
in favor of HB 4001 & 4002 (2005)**

**As Presented by: Charles R. Lerchen
President, MACVC**



RECYCLED PAPER

In behalf of the membership of the Michigan Association of County Veterans Counselors and the over 900,000 military veterans and their families in the State of Michigan, I would like to thank this committee for hearing our concerns and granting us the opportunity through House Bills 4001 and 4002, to help work towards a solution to the ever increasing problems facing the Michigan Veterans Trust Fund.

In 1946, your predecessors created MI Public Act 9, which placed the monumental sum of 50 million dollars into a Trust Fund to be administered by the State for the sole and express purpose of using interest monies generated by the fund to provide temporary financial assistance to veterans and their families. The spirit of this tremendous gesture of gratitude was that those who had served our Country, and this State, in time of War, were deserving of a specific program to address their needs. The premise was as unique and unprecedented then, as it is today. Michigan is the only State to offer anything like the Michigan Veterans Trust Fund. MI Public Act 9 of 1946, has proven itself to be an unparalleled and truly insightful piece of legislation. It was designed and enacted in such a way as to stay solvent and self sufficient while accomplishing its mission for generations to come. Never, after that first 50 million dollar appropriation would..... or has..... the Trust Fund ever needed any further appropriation or Legislative financial support.

For decades following its inception, the Michigan Veterans Trust Fund has performed its mission flawlessly. Establishing offices in all counties..... 80% of which are operated by county employed veterans officers at minimal administrative expense, supported by committees consisting of volunteers from Congressionally chartered veterans service organizations. Over the years, this arrangement has provided tens of thousands of veterans and their families emergency assistance when it was needed the most. What also happened throughout these decades was that past Legislatures and Administrations took it upon themselves to view and use corpus monies from the Trust Fund to shore up budgets, and put towards projects when the State was experiencing difficult financial times. In short, the Trust Fund was continuously “borrowed” from by the State. In most of these instances, there was no serious negative impact on the operation of the Trust Fund. The State paid interest on the monies they borrowed and in every “loan” instance, the Trust Fund corpus was eventually made whole. However, this habit of borrowing from the Trust Fund was viewed as a continuing threat to its stability. So much so, that in 1996, State voters overwhelmingly passed an amendment to the State Constitution to prevent any future raids of the Trust Fund.....leaving its corpus full and protecting it from any use other than that for which it was intended.

Unfortunately, the bureaucratic system soon found a way to circumvent the intent of the law and the will of the people. The State began paying all expenses related to MI Public Act 245 of 1935, the Children of Veterans Tuition Program, out of the Michigan Veterans Trust Fund appropriation. This Act requires the State to appropriate and pay college tuition costs for certain children of veterans.....specifically, veterans who were killed in service or completely disabled by such service. Certainly a valid and morally correct endeavor, but not necessarily one that was to be paid for or absorbed by the Trust Fund.

The result of having to support both of these legitimate benefits is that the Veterans Trust Fund has spent all of it's earned interest as well as close to 4 million dollars of it's principle. In order to administer both of these programs, the Trust Fund Board of Trustee's has been forced to place severe and debilitating restrictions on every county committee as to how... and to what extent an..... eligible veteran and their family, in their most desperate time of need, may be assisted through the Trust Fund. These policy restrictions have essentially forced veterans away from Trust Fund offices across the State. The Michigan Veterans Trust Fund is faltering in its mission.....and each year as our corpus continues to be depleted, the situation will only get worse.

I myself have been an agent of the Trust Fund in Grand Traverse and Leelanau counties for the past 15 years and have seen the roller coaster ride the fund has taken over the years.....but the Trust Funds current state is critical. In December of this year my office assisted a homeless combat Vietnam veteran with the Trust Fund by paying for one month of temporary housing in a transient hotel, while we worked on a more permanent solution to his plight. Under current Trust Fund policy that was the maximum amount of assistance this veteran could receive. Three days after his month of shelter was up, he was found dead from exposure in a field near the airport. Less than two weeks ago, a similar scenario played itself out again in Traverse City.....with the veteran being found dead along a trail.....on State land no less.....after he froze to death. Could an unhobbled Trust Fund have prevented these tragedies.....probably not.....maybe?.....possibly?.....we will never know.

What we do know is that the Michigan Veterans Trust Fund cannot support both of these benefits any longer. Public Act 245 of 1935, "the Children of Veterans Tuition Act", must be funded by separate appropriation.....like the law requires. Unlike previous times when the State borrowed from the Trust Fund, the interest and principle already used by the State to fund the tuition program will not be paid back, and are gone forever. But the Trust Fund is not dead, it is just dying.....a slow and shameful demise that I am sure the original authors would be shocked by. Our men and women in uniform have earned.....and deserve better than we are doing for them. The Trust Fund and Children of Veterans Tuition Act are benefits that have been earned through service and sacrifice to us all. They both pale in comparison to what must be done to earn eligibility to them.

As in the past three years, the solution sits before you. It is why we are here.....again, to stress upon you to do the right thing. Perhaps not the easy thing in light of the State's finances, but the right thing. If the recipients of these benefits did the easy thing, I assure you none of us would be sitting here today.

The message needs to come through loud and clear....."Fix what is broken and then leave the Michigan Veterans Trust Fund alone". No problem exists if this....the right thing..... is done. The Michigan Veterans Trust Fund is self sufficient.....both systematically as benefits are distributed and administratively, when its mandated and constitutionally protected resources are left to run the program.

Last year this House unanimously passed this same legislation which then ultimately died in Senate Committee. Also last year we had sought relief from the Governors office, to no avail.

Accordingly, the Michigan Association of County Veterans Counselors strongly supports and encourages this committee and the House of Representatives to again pass this legislation. But we also ask more of you this year, we ask that you further this cause by convincing your colleagues in the Senate..... and ultimately the Governors office..... that this is a non-negotiable issue this year that must be accepted and passed.

I again thank you for your kind and professional interest and support in this important matter. Our resolve and support of your efforts does not go unnoticed and remains unwavering for our mutual constituency.